



## Testimony

Before the Subcommittee on Interior,  
Environment, and Related Agencies,  
Committee on Appropriations,  
House of Representatives

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For Release on Delivery  
Expected at 10:00 a.m. ET  
Friday, February 27, 2015

# INDIAN AFFAIRS

## Preliminary Results Show Continued Challenges to the Oversight and Support of Education Facilities

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Education, Workforce, and Income Security

# GAO Highlights

Highlights of [GAO-15-389T](#), a testimony before the Subcommittee on Interior, Environment, and Related Agencies, Committee on Appropriations, House of Representatives

## Why GAO Did This Study

BIE oversees 185 elementary and secondary schools that serve approximately 41,000 students on or near Indian reservations in 23 states. In 2014, Interior's Office of the Assistant Secretary-Indian Affairs funded the operations, maintenance, construction, and repair of about 1,785 educational and dormitory buildings, which are worth an estimated \$4.2 billion. Recent reports have raised concerns about the physical condition of these facilities and their effect on Indian students' educational outcomes. Several studies indicate that better school facilities are associated with better student outcomes.

This testimony reports on ongoing GAO work related to the conditions of BIE schools. A full report will be issued later this year. Based on GAO's preliminary findings, this testimony focuses on: (1) what is known about the conditions of selected BIE schools and (2) the extent to which Indian Affairs effectively oversees and supports BIE school facilities.

For this work, GAO is reviewing agency data and documentation, and relevant federal laws and regulations; interviewing agency officials; and has conducted site visits to schools in three states, which were selected based on their geographic diversity and other factors.

View [GAO-15-389T](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or [emreyarrasm@gao.gov](mailto:emreyarrasm@gao.gov).

February 2015

## INDIAN AFFAIRS

### Preliminary Results Show Continued Challenges to the Oversight and Support of Education Facilities

## What GAO Found

Information on the physical condition of Bureau of Education (BIE) schools is not complete or accurate as a result of longstanding issues with the quality of data collected by the Department of the Interior's (Interior) Office of the Assistant Secretary-Indian Affairs (Indian Affairs). GAO's preliminary results indicate that issues with the quality of data on school conditions—such as inconsistent data entry by schools and inadequate quality controls—make determining the number of schools in poor condition difficult. These issues impede Indian Affairs' ability to effectively track and address school facility problems. While national information is limited, GAO's ongoing work has found that BIE schools in three states faced a variety of facility-related challenges, including problems with the quality of new construction, limited funding, remote locations, and aging buildings and infrastructure (see figure below).

**Aging Boiler Systems at a Bureau of Indian Education School Built in 1959**



Source: GAO. | GAO-15-389T

Note: School and regional Indian Affairs officials considered the school's boilers to be safe, but a BIE safety specialist reported that their condition was a major health and safety concern.

GAO's ongoing work also indicates that several key challenges at Indian Affairs are impeding effective management of school facilities. Specifically, GAO found declines in staffing levels and gaps in technical expertise among facility personnel in Indian Affairs. Further, GAO found that Indian Affairs did not provide consistent oversight of some school construction projects. At a school GAO visited, Indian Affairs managed a \$3.5 million project to replace school roofs. Yet the replacement roofs have leaked since they were installed in 2010, causing mold and ceiling damage in classrooms. Indian Affairs has monitored this situation but has not addressed problems with the roofs. Indian Affairs' facility management is also hindered by poor communication with schools and tribes and confusion about whom to contact to address facility problems. Poor communication has led to some school facility needs not being met. For example, school officials submitted a request for funding to address their school's lack of hot water almost a year before GAO visited the school, but Indian Affairs facility officials were unaware of this until notified by GAO. GAO's preliminary results indicate that these persistent challenges diminish Indian Affairs' capability to oversee and support facilities and provide technical assistance to schools. They also run counter to federal internal control standards and leading practices on workforce planning and construction project accountability.

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Chairman Calvert, Ranking Member McCollum, and Members of the Subcommittee:

Thank you for inviting me here today to discuss the preliminary results of work you requested on the physical condition of Bureau of Indian Education (BIE) school facilities. BIE, within the Department of the Interior (Interior), oversees 185 elementary and secondary schools that serve approximately 41,000 students on or near Indian reservations in 23 states.<sup>1</sup> Of these 185 schools, about two-thirds are operated by tribes (tribally-operated), primarily through federal grants, and about one-third are operated directly by BIE (BIE-operated). In 2014, Interior's Office of the Assistant Secretary-Indian Affairs (Indian Affairs) funded the operations, maintenance, construction, and repair of about 1,785 school buildings,<sup>2</sup> worth an estimated \$4.2 billion. Recent reports have raised concerns about the physical condition of these school facilities and the effect these conditions may have on the educational outcomes of Indian students who attend them. Furthermore, our 2009 review of several research studies found that better school facilities are generally associated with better student outcomes.<sup>3</sup> In other work, we have reported that students in BIE schools perform consistently below Indian students in public schools on national and state assessments.<sup>4</sup> In addition, these students have relatively low high school graduation rates and experience higher levels of poverty than non-Indian students. For today's testimony, my statement will focus on (1) what is known about the conditions of selected BIE schools, and (2) the extent to which Indian Affairs effectively oversees and supports BIE school facilities.

To develop our preliminary analysis, we reviewed agency data and documentation, including facility management guidance and maintenance and repair reports, as well as relevant federal laws and regulations. We

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<sup>1</sup>For our analysis of BIE schools, we counted each school individually, including those schools that were co-located in the same building. Thus, the total number of BIE schools we present may appear differently in Interior documents.

<sup>2</sup>Many schools include not only educational buildings, but also dormitories where students live while completing their education.

<sup>3</sup>GAO, *School Facilities: Physical Conditions in School Districts Receiving Impact Aid for Students Residing on Indian Lands*, [GAO-10-32](#) (Washington, D.C.: October 29, 2009).

<sup>4</sup>GAO, *Indian Affairs: Better Management and Accountability Needed to Improve Indian Education*, [GAO-13-774](#) (Washington, D.C.: September 24, 2013).

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also interviewed officials in Indian Affairs, including the Office of the Deputy Assistant Secretary for Management, and in the Bureaus of Indian Education and Indian Affairs. Our work was supported by a licensed engineer, having relevant, related experience in federal facilities construction and management. In addition, we conducted site visits, accompanied by the engineer, to 12 BIE-operated and tribally-operated schools in three states: New Mexico, Oklahoma, and South Dakota. These locations were selected to reflect a mix of BIE-operated and tribally-operated schools, geographic diversity, and variations in school facility conditions. Our site visits were not designed as independent facility inspections. We plan to conduct an additional site visit in the spring of this year to complete our work. We will issue a final report later this year that will provide our complete results on the conditions of BIE school facilities as well as Indian Affairs' accountability for school construction and repair. We shared our preliminary findings with Interior officials and incorporated their comments as appropriate.

We are conducting our ongoing work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions.

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## Background

The Department of the Interior's Indian education programs derive from the federal government's trust responsibility to Indian tribes, a responsibility established in federal statutes, treaties, court decisions, and executive actions.<sup>5</sup> It is the policy of the United States to fulfill this trust relationship with and responsibility to the Indian people for educating Indian children by working with tribes to ensure that these programs are of the highest quality, among other things.<sup>6</sup> In accordance with this trust

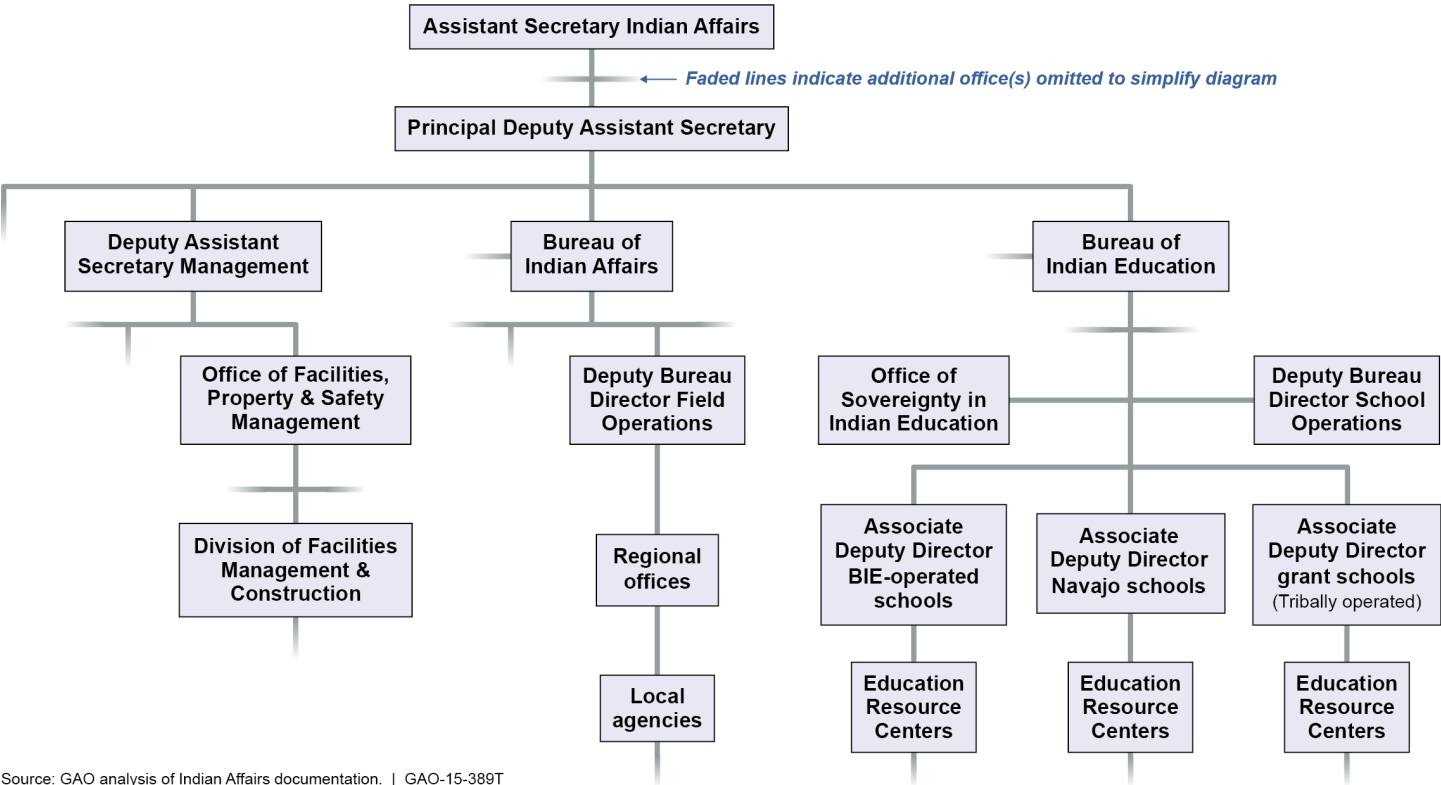
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<sup>5</sup>The federal government recognizes Indian tribes as distinct, independent political communities that possess certain powers of self-government. Federal recognition confers specific legal status on a particular Native American group, establishes a government-to-government relationship between the United States and the tribe, imposes on the federal government a fiduciary trust relationship with the tribe and its members, and imposes specific obligations on the federal government to provide benefits and services to the tribe and its members.

<sup>6</sup>25 U.S.C. § 2000.

responsibility, Indian Affairs is responsible for providing a safe and healthy environment for students to learn. Indian Affairs oversees multiple bureaus and offices that play a key role in managing and overseeing school facilities for Indian students (see fig. 1).<sup>7</sup>

Figure 1: Key Indian Affairs Offices with a Role in Educational Facilities Management



Source: GAO analysis of Indian Affairs documentation. | GAO-15-389T

<sup>7</sup>At the time of our review, Indian Affairs was approaching the second year of implementing an organizational realignment of key functions. In July 2013, the Secretary of the Interior approved a structural realignment of Indian Affairs informed by the findings and recommendations from a 2012 management consulting report, including increased decentralization and better communication. In June 2014, the Secretary of the Interior issued an order specifically restructuring BIE to focus its efforts on providing resources, direction and services to tribes to increase their capacity to directly operate BIE schools, among other things. BIE's restructuring effort has not been fully implemented.

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These bureaus and offices have several key responsibilities, including the following:

- **The Office of the Deputy Assistant Secretary of Management** oversees a number of administrative and operational functions to help Interior meet its responsibilities for designing, planning, building, and operating Indian school facilities. Specifically, the Deputy Assistant Secretary oversees the Office of Facilities, Property and Safety Management, which includes the Division of Facilities Management and Construction. This office is responsible for developing policies and providing technical assistance and funding to Bureau of Indian Affairs (BIA) regions and BIE schools to address their facility needs. Professional staff in this division—including engineers, architects, facility managers, and support personnel—are tasked with providing expertise in all facets of the facility management process.
- **The Bureau of Indian Affairs** administers a broad array of social services and other supports to tribes. Regarding school facility management, BIA oversees the day-to-day implementation and administration of school facility projects through its regional field offices. Currently there are 12 regional offices that report to the BIA Deputy Bureau Director of Field Operations. Nine of these regions have facility management responsibilities, which include performing school inspections to ensure compliance with regulations and providing technical assistance to BIE-operated and tribally-operated schools on facility issues.<sup>8</sup>
- **The Bureau of Indian Education** oversees various educational functions, including funding and operating BIE schools. Three Associate Deputy Directors report to the Deputy Director of School Operations and are responsible for overseeing multiple BIE education line offices that work directly with schools to provide technical assistance, including on facility matters.<sup>9</sup> Some line offices have their own facility managers, and many schools—both BIE-operated and

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<sup>8</sup>The remaining three regions do not have facility management responsibilities. Two regions receive facility support from another region or a tribally-operated nonprofit, and one region does not have BIE facilities.

<sup>9</sup>Under BIE's restructuring plan, education line offices will be renamed education resource centers, and there will be some facility support centers, according to Indian Affairs officials.

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tribally operated—also have their own facility managers or other staff who perform routine maintenance and repairs.

Indian Affairs collects and tracks school condition data related to facility deficiencies, capital improvements, or construction for specific inventory items, such as classrooms, sidewalks, or utility systems. It also includes information on school facility repair needs—commonly referred to as the facilities deferred maintenance backlog—which are entered into an automated information system known as the Facilities Management Information System (FMIS).<sup>10</sup> Responsibility for data entry into FMIS is shared by Indian Affairs staff, school personnel, and an Indian Affairs' contractor who conducts inspections of school facilities.<sup>11</sup>

Indian Affairs uses a multilevel review process to examine the accuracy and completeness of backlog information in FMIS. In this process, each entry that school facility managers propose to add to the backlog list is reviewed and approved by several levels within Indian Affairs, including BIA agencies and regional offices, the Indian Affairs' facility condition assessment contractor, and with final approval by the Division of Facilities Management and Construction. Indian Affairs uses approved backlog information to make funding decisions regarding school facilities. Backlog repair projects are prioritized based on health and safety risks, among other factors. Indian Affairs also has various funding categories, including emergencies and minor improvements. Once funding for school construction and repair is approved, Indian Affairs offers three main project management options. Tribes and/or schools may choose to (1) have Indian Affairs manage the project, (2) manage the project based on a contract received from Indian Affairs, or (3) in the case of tribally-operated schools, manage the project based on a grant received from Indian Affairs.

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<sup>10</sup>Officials within Indian Affairs informed us that they are currently transitioning to Maximo, a new Interior-wide information management system, which will allow them to link several internal applications to operate as an integrated facilities management system. In April 2015, this new system is scheduled to replace FMIS.

<sup>11</sup>Indian Affairs has a contract with an engineering company to conduct a facility conditions assessment for each school on a 3-year cycle.

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Over the past four decades, we have conducted a body of work on challenges related to Indian education, including longstanding issues regarding Indian Affairs' management of school facilities. Our work on BIE school facilities conducted in 1997 and 2003 highlighted the poor conditions of Indian schools and the need for more reliable national data to assess the condition of school facilities.<sup>12</sup> Interior's Inspector General and others have also reported similar issues, including health and safety hazards at BIE schools.<sup>13</sup>

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<sup>12</sup>GAO, *School Facilities: Reported Condition and Costs to Repair Schools Funded by Bureau of Indian Affairs*, [GAO/HEHS-98-47](#), (Washington, D.C.: December 31, 1997), and GAO, *Bureau of Indian Affairs Schools: New Facilities Management Information System Promising, but Improved Data Accuracy Needed*, [GAO-03-692](#), (Washington, D.C.: July 31, 2003).

<sup>13</sup>U.S. Department of the Interior, Office of Inspector General, *Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Department of the Interior*, ER-SP-MOI-0008-2014 (Washington, D.C.: October 20, 2014); U.S. Department of the Interior, Office of Inspector General, *Bureau of Indian Affairs and Bureau of Indian Education: Schools in Need of Immediate Action*, C-IN-BIA-0008-2007 (Washington, D.C.: May 31, 2007); and No Child Left Behind School Facilities and Construction Negotiated Rulemaking Committee, *Broken Promises, Broken Schools* (Washington, D.C. December 2011).



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## Indian Affairs Does Not Effectively Track School Conditions, and Persistent Challenges Affect Facilities at Selected Schools

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### Indian Affairs' Information on School Conditions Continues to Be Incomplete or Inaccurate, Which Reduces Its Effectiveness in Identifying Problems and Targeting Limited Funds

Our past work and other research pointed to a variety of persistent challenges Indian Affairs has encountered in maintaining complete and accurate data on the condition of BIE school facilities. For example, in 2003 we reported on inaccurate and incomplete data entry by school officials, ineffective agency guidance, limited training in using FMIS, and agency staff not being held accountable for ensuring data integrity.<sup>14</sup> Similarly, in 2011, the No Child Left Behind School Facilities and Construction Negotiated Rulemaking Committee, which the Secretary of the Interior was required to establish under the No Child Left Behind Act of 2001 (NCLBA), also identified problems with the quality of FMIS data on BIE school facilities.<sup>15</sup> The Committee attributed the problems to a lack of school-level expertise in using FMIS, inadequate training, unreliable access to FMIS, and infrequent data validation of deficiencies by Indian Affairs' contractor, among other issues. Further, the Committee reported that no Indian Affairs staff were tasked with monitoring schools' use of FMIS to ensure that school officials were entering backlog items and, if not, to provide them with technical assistance. As a result, the Committee reported that problems using FMIS at many BIE schools were unresolved, schools did not know where to turn for assistance, and data entry across schools was inconsistent.

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<sup>14</sup>[GAO-03-692](#).

<sup>15</sup>See Pub. L. No. 107-110, § 1042, 115 Stat. 1425, 2007 (2002) (codified at 25 U.S.C. § 2005). NCLBA required the committee to prepare a catalog of the condition of BIA-funded schools and various reports to Congress and the Secretary of the Interior on the construction, replacement, renovation, and associated funding needs for these schools. No Child Left Behind School Facilities and Construction Negotiated Rulemaking Committee Report (December 2011).

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Our ongoing work suggests that issues with the quality of data on school conditions—such as inconsistent data entry by schools and insufficient quality controls—continues to make it difficult to determine the actual number of schools in poor condition, which impedes Indian Affairs’ ability to effectively track and address school facility problems. For example, while Indian Affairs has a multilevel review process for examining the accuracy and completeness of backlog entries, we found that it does not routinely monitor whether schools are entering complete data on their facilities. For instance, an Indian Affairs internal control review of FMIS in 2010 identified inadequate controls for determining if and when all identified safety deficiencies are addressed by schools because no Indian Affairs office takes responsibility to ensure that such deficiencies are addressed by schools. According to the 2010 review, without this information Indian Affairs cannot identify and prioritize for funding for these critical deficiencies. Indian Affairs officials told us that this issue continues to be a significant challenge to FMIS data quality. We also found that some schools we visited encountered obstacles to data entry. For example, officials at one BIE-operated school noted that they did not routinely enter information into FMIS because staff lacked expertise and Indian Affairs did not provide them adequate training. As a result, they said existing information on their facilities in FMIS significantly understates their actual repair needs. According to a BIA regional officer, frequent turnover among facility staff, especially at tribally-operated schools, can exacerbate this gap in FMIS expertise. Schools can also face difficulties gaining or maintaining access to FMIS. For example, officials with one tribally operated school told us they encountered persistent problems with connecting and maintaining access to FMIS, sometimes limiting their use of the system to about 5 minutes at a time. Interior’s Inspector General has recently found similar challenges with data entry at several other schools, and it continues to monitor this issue. According to Indian Affairs officials, the last centralized training on using FMIS was held in 2012.

While Indian Affairs uses a contractor to address some data quality issues by validating deficiencies on schools’ deferred maintenance backlogs and facility inventories, our ongoing work has found that the scope and frequency of their assessments are limited. According to Indian Affairs officials, the contractor is supposed to assess the conditions of schools by performing a visual inspection of each school once over a 3-year cycle, and inspections are grouped by region. One BIA regional official told us that in his region one field inspector was sent to conduct an onsite inspection and noted that a single inspector may not be capable of assessing a school’s facilities because they may contain multiple

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systems—such as heating/cooling, and fire alarm and suppression systems—that require specialized expertise to assess. Officials also reported that Indian Affairs policy is for the contractor not to assess schools in a particular 3-year cycle if they are about to be replaced or undergoing major construction. At one school we visited, which had not been assessed in 5 years because of ongoing construction, we found problems with both older and newly constructed buildings, such as leaking roofs. Also, Indian Affairs' contractor is responsible for reviewing and updating information on school facility inventories during onsite inspections. However, one school facility manager suggested that the contractor's inspections may be too short for a thorough and accurate inventory of all buildings and systems.

In 2012, Indian Affairs began an effort to identify and correct inaccuracies in schools' backlog and inventory data to respond to the findings and recommendations of the No Child Left Behind Negotiated Rulemaking Committee's 2011 report.<sup>16</sup> Further, Interior is currently moving all school facility data from FMIS to a new Indian Affairs facility information management system based on Maximo, which is required by the agency for all departmental offices.<sup>17</sup> Officials said that through this data cleanup effort, they have identified and eliminated duplicate backlog deficiencies in FMIS, and they noted that Maximo will simplify data entry. However, these officials also noted FMIS constitutes a one-stop shop for managing school facility data, and that Maximo lacks several key functions that exist in FMIS, such as project management and budget execution, among others. They said they plan to add new applications to Maximo to work around some of these limitations. Additionally, one BIA regional official said that Maximo could be cumbersome to use and will require schools to use multiple new systems. Indian Affairs has provided some training on Maximo for schools, but officials indicated that there are currently few active users in part because of frequent turnover among school staff, and requests for facility funding are not yet able to be made in Maximo.

Our preliminary results suggest that Indian Affairs' data cleanup efforts and shift to Maximo will not address key challenges with school facility

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<sup>16</sup>No Child Left Behind School Facilities and Construction Negotiated Rulemaking Committee Report (December 2011).

<sup>17</sup>Indian Affairs officials said that Maximo should be operational for school use by April 2015.

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data, including barriers to data entry at some schools and inadequate data quality controls. As we have previously stated, incorrect and inconsistent data undermines management of the federal government's real property assets. Federal agencies should improve the quality of their data to document performance and support decision making.<sup>18</sup> Further, the National Forum on Education Statistics has stated that quality data are important for making informed decisions about school facilities.<sup>19</sup> We believe that inaccurate and incomplete data will continue to hinder Indian Affairs' ability to identify and prioritize schools' repair and improvement needs and effectively target limited funds. This may also worsen existing conditions at some schools and may lead to greater future costs and degraded environments that negatively affect the education of BIE students.

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## A Variety of Challenges Adversely Affect the Condition of Schools

During our ongoing work, we visited schools in three states that reported facing a variety of facility-related challenges, including remoteness of their locations, aging buildings and infrastructure, limited funding, and problems with the quality of new construction, which we believe could affect their ability to provide safe, quality educational environments for students.

### Remoteness of Locations

Several of the schools we visited during our ongoing review were located in remote, rural areas and a few encountered obstacles in maintaining their own infrastructure, such as water systems or electrical utilities. For example, the facility manager at one school described an antiquated water system that is costly to maintain and repair, does not generate enough water pressure to fill the school's water tower and cannot be used effectively to fight fires. As we have previously reported, BIE schools tend to be located primarily in rural areas and small towns and serve American Indian students living on or near reservations.<sup>20</sup> In particular, we found that because of their isolation, these schools tend to have more extensive

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<sup>18</sup>GAO, *Federal Real Property: Better Guidance and More Reliable Data Needed to Improve Management*, [GAO-14-757T](#), (Washington, D.C.: July 29 2014).

<sup>19</sup>U.S. Department of Education, National Center for Education Statistics, The National Forum on Education Statistics, *Forum Guide to Facilities Information Management: A Resource for State and Local Education Agencies* (Washington, D.C.: March 2012).

<sup>20</sup>GAO, *Bureau of Indian Education Schools: Improving Interior's Assistance Would Help Some Tribal Groups Implement Academic Accountability Systems*, [GAO-08-679](#), (Washington, D.C.: June 27 2008).

infrastructure needs than most public schools—including their own water and sewer systems, electric utilities, and other important services that are generally provided to public schools by municipalities—and maintaining them can be a considerable drain on schools' resources.<sup>21</sup>

## Aging Buildings and Systems

Several schools we visited during our ongoing review faced challenges with aging facilities and related systems. For example, at one school built in 1959 we observed extensive cracks in concrete block walls and supports, which a local BIA agency official said resulted from soft marsh soil and a shifting foundation. According to school officials, two of their boilers are old, unreliable, and costly to maintain, and sometimes it is necessary to close the school when they fail to provide enough heat. According to school officials, these systems also reflect 1950s technology, so the costs to maintain them are high. Staff told us they also have difficulty acquiring parts for these systems and, in some cases, fabricate work-around parts to replace outmoded parts that wear out or break. School and regional BIA officials considered the boilers to be safe, but a BIE school safety specialist reported that the conditions of the school's boilers were a major health and safety concern. (See fig.2.)

**Figure 2: Aging Boiler Systems at a BIE-Operated School Built in 1959**



Source: GAO. | GAO-15-389T

<sup>21</sup>GAO, *BIA and DOD Schools: Student Achievement and Other Characteristics Often Differ from Public Schools*, [GAO-01-934](#) (Washington, D.C.: September 28 2001).



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At another school, we observed a dormitory for elementary school students built in 1941 with cramped conditions, no space for desks, poor ventilation, and inadequate clearance between top bunks and sprinkler pipes in sleeping areas. School officials noted that students had received head injuries from bumping their heads on the pipes and some students had attempted suicide by hanging from them. (See fig. 3.)

**Figure 3: Bedroom in an Elementary Student Dormitory Built in 1941 at a BIE-Operated School**



Source: GAO. | GAO-15-389T

In some cases, we found that schools with older buildings did not have adequate systems for ensuring student health and safety. For example, facility staff at one tribally operated school showed us an aging telecommunications relay panel that they said did not allow phone calls

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between dormitory floors and other buildings, making communication difficult in the event of a campus-wide emergency, such as a fire or security issue.

At another school, staff showed us exterior doors to campus buildings that did not lock properly, and as a result, needed to be chained during school lock downs. According to officials at the school, about 90 percent of building entrances also lacked exterior security cameras, and some buildings, such as student dormitories, had none. These challenges were highlighted during our visit when the school had to perform a lock down when a student made a Columbine-type threat.

#### Funding for Facility Operations

During our ongoing work, some school officials told us that they receive less than their current estimated funding needs for facility operations, which include fixed-cost items like fuel and electricity. For example, one school official told us that facility operations were funded at about 50 percent of the school's need. Such shortfalls in operations funds can require a school to draw from its maintenance funds to keep the lights on and buildings warm in the winter, leaving less money for building maintenance. For example, officials with one school told us they may defer maintenance or cut back maintenance staff if they do not have enough funds for their operations and maintenance. Officials with several schools noted using funds for educational purposes on facility operations. Deferring maintenance can lead to bigger problems with school facilities. For example, an official with a BIE education line office pointed out that the poorly maintained rain spouts on one building of a BIE-operated school led to water collecting behind the retaining wall, resulting in separation between the sidewalk and the building. Over time, this water intrusion may undermine the foundation. (See fig. 4.)

**Figure 4: Building Damage Caused by Poorly Maintained Rainspouts at BIE-Operated School**



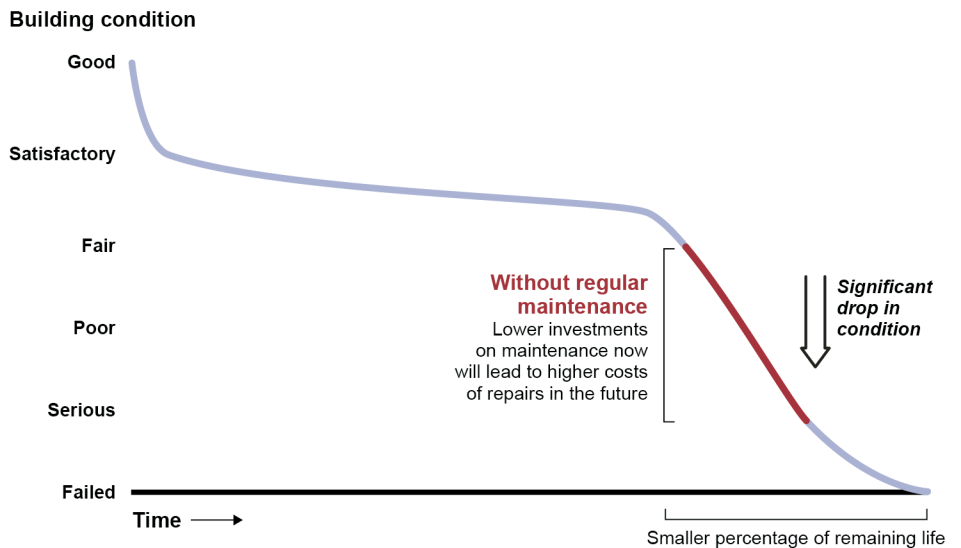
Source: Bureau of Indian Education. | GAO-15-389T

In 2008, we reported that federal agencies' backlogs represent a fiscal exposure that may have a significant effect on future budget resources.<sup>22</sup> Further, the 2011 Negotiated Rulemaking Committee report observed that without enough maintenance funds, schools' maintenance needs go unmet, deferred maintenance grows, the quality of the physical plant deteriorates far more rapidly than it should, and the cost of repairs increases. According to the 2011 report, over decades, shortchanging spending on building maintenance degrades learning environments, shortens the overall life of school buildings, and results in increased costs for the federal government to fix these schools. (See fig. 5.)

<sup>22</sup>See GAO, *Federal Real Property: Government's Fiscal Exposure from Repair and Maintenance Backlogs Is Unclear*, [GAO-09-10](#) (Washington, D.C.: October 16, 2008).



**Figure 5: Effects of Deferred Maintenance on Facility Condition and Lifespan**



Source: GAO adaptation of an Applied Management Engineering, Inc. graphic. | GAO-15-389T

## Problems with the Quality of New School Construction

During our ongoing review, several of the schools we visited reported encountering problems with new construction. For example, officials at three schools said they encountered leaks with roofs installed within the past 11 years. According to officials at one school, despite two replacements, the roof of their gymnasium—completed in 2004—continues to leak. Officials said the company that built the gymnasium has since filed for bankruptcy. Other construction problems at the school included systems inside buildings as well as building materials. For example, in the cafeteria's kitchen at this BIE-operated school, a high voltage electrical panel was installed next to the dishwashing machine, which posed a potential electrocution hazard. School facility staff told us that although the building inspector and project manager for construction approved this configuration before the building opened, safety inspectors later noted that it was a safety hazard.<sup>23</sup> (See fig. 6.)

<sup>23</sup>Since our visit in October 2014, school officials have reported that they have addressed this issue by relocating the panel.

**Figure 6: High Voltage Electrical Panel Installed Next to Cafeteria Dishwasher at a BIE-Operated School, October 2014**



Source: GAO. | GAO-15-389T

Officials at an elementary school we visited also reported problems with new construction. School officials noted that the heat pumps in their new school facility did not have the capacity to adequately heat the building, leading to cold classrooms and frequent pump failures in the winter months. They also noted that the construction did not include a backup generator, creating a risk of freezing pipes during winter power failures. After our visit, school officials reported that a large concrete fragment fell from the upper wall of a kindergarten classroom in new school building. The classroom was unoccupied at the time.

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## Systemic Management Challenges Impede Oversight of and Support for School Facilities

Preliminary results from our work indicate that key challenges at Indian Affairs are impeding effective management of BIE school facilities. These challenges include limited staff capacity, inconsistent accountability, and poor communication. These findings are consistent with our prior BIE work, in which we found that Indian Affairs had similar challenges overseeing BIE schools in other areas, such as in financial management and workforce planning.<sup>24</sup> Given Indian Affairs' school facility management challenges, a few schools in one region have developed their own facility management program to ensure their needs were met.

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## Limited Staff Capacity to Address School Facility Needs

Our ongoing work suggests that the capacity of BIA regional facilities and BIE school staff to address school facility needs is limited due to steady declines in staffing levels, gaps in technical expertise, and limited institutional knowledge. BIA regional officials and school officials we interviewed noted significant challenges with staff capacity. In addition, our prior work and other studies have cited the lack of capacity of Indian Affairs' facility staff as a longstanding agency challenge.<sup>25</sup>

- **BIA Regions.** Staff in certain regions told us that they have experienced declining staffing levels for over a decade, despite key responsibilities in overseeing BIE school construction and repair projects as well as supporting schools with technical assistance. Our preliminary analysis of Indian Affairs data shows that about 40 percent of regional facility positions are currently vacant, including regional facility managers, architects, and engineers who typically serve as project managers for school construction. In one BIA region serving over 15 BIE schools—along with additional Indian Affairs' facilities such as detention centers—the regional facility staff has decreased by about half in the past 15 years, according to the regional facility manager. As of December 2014, two project managers were tasked with overseeing a growing workload of construction projects, among other duties, and only one was a licensed professional, according to the regional facility manager. The regional facility manager also noted gaps in internal staff expertise, such as not having a mechanical engineer on staff to review designs or external engineers'

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<sup>24</sup>GAO-13-774 and GAO-15-121.

<sup>25</sup>See GAO-03-692 and National Academy of Public Administration, *A Study of Management and Administration: The Bureau of Indian Affairs* (Washington, D.C.: August 1999).

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assessments of systems such as heating and air conditioning. Regional staff said that hiring an in-house boiler inspector would allow them to conduct more frequent inspections and may cost less than hiring contractors to do so. Without staff with particular construction expertise, several Indian Affairs officials said that they have increasingly relied on outside contractors. As we have previously reported, risks to the federal government of extensive reliance on contractors include not building institutional expertise as well as a reduced federal capacity to manage the costs of contractors and to ensure achievement of program outcomes.<sup>26</sup>

- **Schools.** Officials at several schools we visited said they face similar capacity challenges. For example, we visited an elementary school with one full-time employee for facility maintenance, along with one part-time assistant. A decade ago, the school had about six maintenance employees, according to school officials. As a result of the staffing decrease, school officials said that facility maintenance staff may sometimes defer needed maintenance.

Leading facility management practices emphasize the importance of having managers with sufficient technical expertise.<sup>27</sup> Staff capacity is important because the appropriate geographic and organizational deployment of employees can further support organizational goals and strategies and enable an organization to have the right people, with the right skills, doing the right jobs, in the right place, at the right time.<sup>28</sup> However, we have previously reported that limited staff capacity at Indian Affairs impedes its oversight and support of BIE schools and that this runs

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<sup>26</sup>See GAO, *Managing Service Contracts: Recent Efforts to Address Associated Risks Can Be Further Enhanced*, [GAO-12-87](#) (Washington, D.C.: Dec. 7, 2011); and GAO, *Pension Benefit Guaranty Corporation: More Strategic Approach to Contracting Still Needed*, [GAO-11-588](#) (Washington, D.C.: June 29, 2011).

<sup>27</sup>National Research Council of the National Academies, *Investments in Federal Facilities: Asset Management Strategies for the 21st Century*, Report No. O-309-50857-6 (Washington, D.C.: 2004).

<sup>28</sup>GAO, *A Model of Strategic Human Capital Management*, [GAO-02-373SP](#) (Washington, D.C.: March 15, 2002). This report describes a human capital model we developed that identifies eight critical success factors for managing human capital strategically. In developing this model, we built upon GAO's *Human Capital: A Self-Assessment Checklist for Agency Leaders*, [GAO/OCG-00-14G](#) (Washington, D.C.: September 2000). Among other steps, we also considered lessons learned from GAO reports on public and private organizations that are viewed as leaders in strategic human capital management and managing for results.

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counter to effective human capital practices.<sup>29</sup> Consequently, in 2013 we recommended that Indian Affairs revise its strategic workforce plan. Specifically, we recommended that Indian Affairs revise its strategic workforce plan to ensure that employees providing administrative support to BIE have the requisite knowledge and skills to help BIE achieve its mission and are placed in the appropriate offices. Indian Affairs agreed to implement the recommendation but has not yet done so.

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## Inconsistent Accountability for School Construction

Our preliminary results suggest that Indian Affairs has not provided consistent oversight of some school construction projects, including projects it managed itself and projects managed by tribes. According to Indian Affairs and school officials we interviewed, some recent construction projects, including new roofs and buildings, have gone relatively well, while others have faced numerous problems. The problems we found with construction projects at some schools suggest that Indian Affairs is not fully or consistently applying management practices to ensure contractors perform as intended. For example, at one BIE-operated school we visited, Indian Affairs managed a project in which a contractor completed a \$3.5 million project to replace roofs in 2010, but the roofs have leaked since their installation, according to agency documents. These leaks have led to mold in some classrooms and numerous ceiling tiles having to be removed throughout the school. (See fig.7.) In 2011, this project was elevated to a senior official within Indian Affairs, who was responsible for facilities and construction. He stated that the situation was unacceptable and called for more forceful action by Indian Affairs. Despite numerous subsequent repairs of roofs, school officials and regional BIA officials told us in late 2014 that the leaks continue. They also said that they were not sure what further steps, if any, Indian Affairs would take to resolve the leaks or hold the contractors or suppliers accountable, such as filing legal claims against the contractor or supplier if appropriate.

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<sup>29</sup>[GAO-13-774](#).



**Figure 7: Damaged or Removed Classroom Ceiling Tiles Due to Leaks in Recently-Installed Roofs**



Source: GAO. | GAO-15-389T

Indian Affairs and school officials identified another recent construction project that has faced problems. At a tribally-operated school we visited in South Dakota, the school managed a project to construct a \$1.5 million building for maintenance and bus storage. According to these officials, although the project was nearly finished at the time of our visit, Indian Affairs, the school, and the contractor still had not resolved various issues, including drainage and heating problems. Further, part of the new building for bus maintenance has one hydraulic lift, but the size of the building does not allow a large school bus to fit on the lift when the exterior door is closed because the bus is too long. Thus, staff using the lift would need to maintain or repair a large bus with the door open, which is not practical in the cold South Dakota winters. (See fig. 8.)

**Figure 8: Exterior and Interior of Recently-Constructed Bus Maintenance Building Where Door Does Not Close When a Large School Bus Is On Hydraulic Lift**



Source: GAO. | GAO-15-389T

According to Indian Affairs officials, part of the difficulty with this project resulted from the tribally-operated school's use of a contractor responsible for both the design and construction of the project, which limited Indian Affairs' ability to oversee it. Indian Affairs officials said that this arrangement, known as "design-build," may sometimes have potential advantages such as faster project completion, but may also give greater discretion to the contractor responsible for both the design and construction of the building.<sup>30</sup> For example, Indian Affairs initially raised questions about the size of the building to store and maintain buses. However, agency officials noted that the contractor was not required to incorporate Indian Affairs' comments on the building's design or obtain its approval for the project's design, partly because Indian Affairs' policy does not appear to address approval of the design in a "design-build" project. Further, neither the school nor Indian Affairs used particular financial incentives to ensure satisfactory performance by the contractor. Specifically, the school already paid the firm nearly the full amount of the project before final completion according to school officials, leaving it little financial leverage over the contractor.

<sup>30</sup>In a "design-build" arrangement, one team consisting of an architectural and engineering firm and a construction contractor may work together to complete the project.

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If problems persist with building construction, one accountability mechanism is to retain a portion of a project payment. However, certain Indian Affairs officials held conflicting views on whether withholding project payments—known in the industry as retainage—is suitable to hold contractors accountable for satisfactory completion of school construction projects. For example, officials with the Division of Facilities Management and Construction told us they usually retain 10 percent of payments until an independent inspection of a construction project has been conducted. However, officials in one BIA region said that the region tends not to use this mechanism for school construction, due partly to past practice. In prior work, we have found that retainage can be a strong motivator to encourage contractor and subcontractor performance.<sup>31</sup> Although the applicability of such project accountability mechanisms may vary in amount and may depend on the particular situation or project, we have found that the federal government can be protected from poor quality construction if it appropriately uses the various tools at its disposal to manage and address problems.<sup>32</sup>

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### Poor Communication with Schools Regarding Roles and Responsibilities of Different Indian Affairs Offices

Our preliminary results also suggest that unclear lines of communication and confusion among BIE schools about the roles and responsibilities of the various Indian Affairs' offices responsible for facility issues hamper efforts to address school facility needs. For example, the offices involved in facility matters continue to change, due partly to two ongoing re-organizations of BIE, BIA, and the Division of Facilities Management and Construction over the past 2 years. BIE and tribal officials at some schools we visited said they were unclear about what office they should contact about facility problems or to elevate problems that are not addressed.

At one school we visited, a BIE school facility manager submitted a request for funding by February 2014 for a needed repair in the Facilities Management Information System (FMIS) to replace a water heater so that students and staff would have hot water in the elementary school.

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<sup>31</sup>GAO, *Federal Construction Subcontracting: Insight into Subcontractor Selection Is Limited, but Agencies Use Oversight Tools to Monitor Performance*, [GAO-15-230](#) (Washington, D.C.: January 29, 2015).

<sup>32</sup>[GAO-15-230](#).



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However, the school did not designate this repair as an emergency.<sup>33</sup> Therefore, BIA facility officials told us that they were not aware of this request until we brought it to their attention during our site visit in December 2014. Even after we did so, it took BIE and BIA officials over a month to approve the purchase of a new water heater, which cost about \$7,500. As a result, students and staff at the elementary school went without hot water for about a year.

Another communication challenge that our ongoing work has identified for all BIE schools and BIA regions is that BIE last updated its directory in 2011, which contains contact information for BIE and school officials. This may impair communications, especially given significant turnover of BIE and school staff. As a result, we believe that school and BIA officials may not be able to share timely information with one another, which would affect schools' funding levels and priorities for repairs. For example, in one BIA region we visited, officials have experienced difficulty reaching certain schools by email and sometimes rely on sending messages by fax to obtain schools' priorities for repairs. This situation is inconsistent with federal internal control standards that call for effective internal communication throughout an agency.<sup>34</sup>

These preliminary findings are consistent with findings from our past work in 2013, when we testified and reported on communication challenges impeding effective operation of BIE schools.<sup>35</sup> Specifically, at that time we found that several officials at schools and BIE seemed confused about whom to consult or make requests for assistance about school facilities.<sup>36</sup> In addition, we found that unclear communication undermined other aspects of school operations, such as annual testing of students. Thus, at that time we recommended that Indian Affairs develop a communication strategy for BIE to inform its schools and key stakeholders of critical

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<sup>33</sup>According to Indian Affairs policies and procedures, emergency requests can receive approval and funding on an expedited basis. Also, they noted that schools can incur expenses to make repairs and address the emergency, and then seek reimbursement for such expenses.

<sup>34</sup>[GAO/AIMD-00-21.3.1](#).

<sup>35</sup>GAO, *Indian Affairs: Management Challenges Continue to Hinder Efforts to Improve Indian Education*, [GAO-13-342T](#) (Washington, D.C.: February 27, 2013), and [GAO-13-774](#).

<sup>36</sup>[GAO-13-342T](#) and [GAO-13-774](#).

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developments that impact instruction in a timely and consistent manner to ensure that BIE school officials receive information that is important for the operation of their schools.<sup>37</sup> In early 2014, BIE developed a draft communication plan, but it has not yet been finalized, and it does not specifically address communication about school facility issues. More recently, Indian Affairs officials indicated to us that it does not plan to finalize its communication strategy until mid-2016 given that the organizational changes resulting from the two re-organizations since 2013 have not been fully implemented. While we recognize that the re-organizations have led to substantial changes in the roles and responsibilities of offices within Indian Affairs, we continue to believe that Indian Affairs needs a strategy to improve communication with BIE schools, especially given schools' confusion about which offices to contact about facilities, and other issues.

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### One Alternative Program Developed by Schools in Response to Challenges with Indian Affairs

During our ongoing work, we identified an alternative program that some schools developed to ensure their facility needs were met given Indian Affairs' facilities management challenges. Four tribally-operated schools in one region created their own facilities management program because according to program officials, they were dissatisfied with the amount of time it took BIA to complete facilities-related projects, including a building project that officials said took about 7 years to complete. They also said that they were frustrated that their input was not always solicited on proposed improvements to their facilities. Consequently, in 1997, the four schools—in conjunction with their tribal stakeholders—formed the Eastern Oklahoma Tribal Schools Facilities Management Program, a non-profit consortium of tribally-operated schools in Eastern Oklahoma, to meet their facility needs. According to program officials, its operations are financed primarily through administrative fees for project management services added to the schools' backlog items, which are reimbursed by Indian Affairs. Currently, the program is comprised of three professional staff—two architects and a production technician—who maintain in-house technical expertise and manage construction, project design and oversight for the schools. In addition, program officials said that they routinely enter backlog data in FMIS because schools typically do not have the time, technical expertise, or capacity to do it themselves. An official with Indian Affairs' Division of Facility Management and

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<sup>37</sup>GAO-13-774.

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Construction told us that Eastern Oklahoma Tribal Schools Facilities Management Program reflects a promising approach to managing facilities, but Indian Affairs has not taken steps to disseminate information on this approach among schools. In our ongoing work, we plan to further review this approach and any others to determine how and whether Indian Affairs can leverage any promising practices to help address systematic school facility management challenges.

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In conclusion, the federal government, through the Department of the Interior, has a trust responsibility for the education of Indian students, including building and maintaining school facilities. High quality school facilities are extremely important to ensure that Indian students are educated in a safe environment that is conducive to learning. However, for decades, Indian Affairs has been hampered by fundamental challenges in managing school facilities. In our previous work, we have also found significant weaknesses with Indian Affairs' oversight of BIE schools in general. In addition, our preliminary work shows that Indian Affairs continues to face challenges in ensuring that critical school facility data are collected, staffing levels and technical expertise are strengthened, construction projects are appropriately designed and managed, and roles and responsibilities are clearly defined and communicated. Unless these issues are addressed, some students will continue to be educated in poor facilities that do not support their long-term success. We will continue to monitor these issues as we complete our ongoing work and consider any recommendations that may be needed to address these issues.

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Chairman Calvert, Ranking Member McCollum, and Members of the Subcommittee, this concludes my prepared statement. I will be pleased to answer any questions that you may have.

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## GAO Contact and Staff Acknowledgments

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